Inflation

What causes a sustained rise in the price level.

Economics

Cause and mechanism.

Type	Driven by	Response
Demand-pull	Demand exceeding capacity	Tighten demand
Cost-push	Input costs rising	Harder — tightening worsens output
Monetary	Money growth above output growth	Monetary tightening
Expectations	Belief that prices will rise	Credible policy commitment

Expectations are self-fulfilling: if firms and workers expect inflation, they price and bargain for it, and it arrives.